Before the
Federal Communications Commission
Washington D.C. 20554

In the Matter of Application by SBC Communications Inc., Michigan Bell Telephone Company, and Southwestern Bell Communications Services, Inc. for Provision of In-Region, InterLATA Services In Michigan	)))))))))	WC Docket No. 03-16

REPLY DECLARATION OF SHERRY LICHTENBERG

1. I am the same Sherry Lichtenberg who filed a Declaration in this proceeding. The purpose of my Reply Declaration is to provide brief updates on events that have transpired since I filed that Declaration. I will not repeat the discussion from my original Declaration.

SBC's Compliance Plans Do Not Resolve the Problems Discussed in My Declaration

2. Since I filed my Declaration, SBC has released its draft Compliance Plans. CLECs and SBC will be discussing these plans in Michigan today and tomorrow. The most important thing to realize about the plans, however, is that they are just that – plans. They have has not been implemented. And they are too generic to provide any assurance of improved performance even once it is implemented. They largely propose resolution of OSS problems through additional training, with the actual training documents and procedures not available for CLEC or third party review and oversight. I am skeptical that more training will resolve OSS problems that have persisted for years, particularly

since many of those problems stem from the continued use of manual processes in the former-Ameritech region. To the extent SBC believes otherwise, however, the proof must come from improved performance, not from a piece of paper with few details.

3. These general criticisms apply to SBC's individual Compliance Plans. For line loss notifications, SBC proposes that it will notify CLECs "[w]ithin one business day of determining that an interruption of line loss notification issuance that could affect more than one CLEC has occurred." Compliance Plans, Att. D. SBC then proposes other steps to ensure CLECs are notified of line loss interruptions. While these steps are desirable, they do not address the initial concern – SBC's failure to transmit accurate line loss reports in the first place. Moreover, the steps only pertain to line loss "interruptions" – not to line loss delays or formatting errors. But it was just such formatting errors that caused the problem that WorldCom experienced at the end of January and beginning of February. This problem should have been communicated to other CLECs, but was not to WorldCom's knowledge. Similarly, the problems experienced by other CLECs in recent months should have been communicated to WorldCom but were not. This is so despite SBC's ostensible adoption of an improved communication process in November. The fact is that such improvements do not always work as promised.

4. SBC states that it will provide monthly reports to the MPSC regarding line loss issues. But SBC does not define what it considers to be a line loss issue. SBC was supposed to file the first such report on February 14, but did not provide it to CLECs until March 3, 2003. It was blank. The problem WorldCom experienced at the end of January was not even included on this report – although SBC promises that it will be included on the next report due out in mid-March. In any event, while reports to the PSC may provide SBC

some limited incentive to perform better, they do not themselves ensure better performance. The Compliance Plan must be more than simply an explanation of how SBC will report problems with the line loss process. Indeed, the reporting of such CLEC-impacting problems is already included in the SBC change management plan, a plan that SBC is clearly not following.

5. SBC's Compliance Plan with respect to change management is equally nebulous. Although WorldCom has not suffered as much as some other CLECs from SBC's implementation of unannounced changes, this is only because WorldCom remains on LSOG 4 today. Even so, issues such as the line loss problem at the end of January should have resulted in better notice. Moreover, as WorldCom moves to LSOG 5 in April, SBC's change management problems are likely to have an even more direct impact on WorldCom.

6. That is because there is little basis to believe that SBC's compliance plan will end its change management problems. SBC states that from now on it will notify CLECs when it is tightening an edit or business rule, or when it begins enforcing a business rule, or when its changes impact CLECs more generally. Compliance Plans, Att. F. But SBC provides no general definition of CLEC impacting, nor explains how its new process provides any more assurance of proper notice than its old process. Indeed, SBC does not even say how its new process differs from its old process.

7. SBC's bill auditability improvement plan also provides little assurance of improved billing performance. The plan proposes few changes in procedures. Compliance Plans, Att. G. Instead, it mostly includes promises of additional seminars for CLECs regarding billing, suggesting that SBC continues to blame CLECs for the inability to audit bills

rather than accepting the real problem that the bills are not auditable and are incorrect. The plan is therefore likely to result in little change in the ability of CLECs to audit their bills. And it certainly will not directly improve SBC's billing accuracy, as it does not even address billing accuracy. It also does not address the concern that BearingPoint had with limitations in SBC's *internal* auditing prior to transmission of bills.

8. Moreover, even if CLECs were able to audit their bills, this would not relieve SBC of the obligation to transmit accurate bills in the first instance. CLECs cannot catch every billing error on wildly inaccurate bills. Even attempting to do so would require devotion of very substantial resources that CLECs should not have to expend.

9. The limitations of SBC's draft Compliance Plans are also apparent from what it did not request. While SBC requested that BearingPoint review its draft Compliance Plans for Customer Service Inquiry Accuracy, Repair Coding Accuracy, and Directory Listing Update Accuracy (Compliance Plans, Att. H), it did not request similar review with respect to plans for line loss notifications, change management or billing auditability. Of course, even if it had requested such review, no plan for future compliance can substitute for evidence of non-discriminatory performance today.

Billing

10. Since the time I filed my Declaration, it has become even clearer that SBC transmits inaccurate wholesale bills. In my Declaration, I explained that I was concerned that SBC was billing WorldCom for many lines that it had not ordered, and indicated that WorldCom needed to research this further.

11. WorldCom therefore transmitted to SBC a series of questions concerning its bills in both Michigan and Illinois. We wanted to make sure that we fully understood the bills before

further examining specific billing questions with SBC. Att. 1. SBC responded in Michigan by providing an explanation of its charges. Att. 2. In its letter, SBC explained that the only NRC applicable to UNE-P POTS migrations today is the USOC NHCHG. But WorldCom appears to be charged for other USOCs on migration orders, and in fact has an open billing dispute on this issue. WorldCom also has open billing disputes on the number of lines for which it is billed, and the loop rates for which it is billed.

12. SBC also stated that for new UNE-P lines, CLECs should be charged a loop connection charge based on the SEPUC USOC, not the SEPUP USOC. (At least SBC said this in response to WorldCom's questions in Illinois. (Att. 3.) While SBC does not discuss these USOCs in its Michigan response, it is likely that the SEPUP USOC is inapplicable to new UNE-P lines in Michigan as well.) Yet SBC appears to be charging WorldCom the SEPUP USOC for new lines in Michigan, as well as the SEPUC USOC. While there may be some reasonable explanation for this that I am not yet aware of, the charges appear erroneous.

13. In its Michigan letter, SBC also stated that "[t]here is no charge to the losing CLEC that used UNE-P to provide service when SBC wins the customer back or the end user moves to a different CLEC that also utilizes UNE-P." (Att. 2.) Strangely, however, SBC said that there is a charge if the customer migrates to a UNE-L CLEC. It is unclear how WorldCom is supposed to know when a customer has left us for a UNE-L CLEC as opposed to a UNE-P CLEC. This makes it difficult to audit bills. But in broad brush terms, it appears SBC is charging WorldCom for too many disconnects. SBC charged WorldCom for 6,798 disconnect orders in December (NR90F), for 6,148 loop disconnect charges (NR90E) and for 6,219 analog loop disconnect charges (NR90G). It is unlikely

that more than 6,000 WorldCom UNE-P customers migrated to a UNE-L CLEC in Michigan in a single month. And even if they did, it is unclear why WorldCom would be charged for several different disconnect USOCs for each customer.

14. In addition to these issues regarding USOCs, SBC acknowledged in its Illinois letter (Att. 3) that some USOCs that have appeared on WorldCom's bills are no longer applicable in Illinois to the extent that they ever were. Moreover, SBC acknowledged that it was also billing WorldCom the wrong rates because it had failed to update WorldCom's billing tables. Although SBC does not acknowledge making the same mistakes in Michigan, SBC has the same billing organization and billing processes in Michigan as in Illinois. If it is making mistakes such as these in Illinois, it is likely making similar mistakes in Michigan or other mistakes caused by the same organizational failures.

15. SBC itself confirmed the existence of massive billing problems in the former Ameritech region when it described to this Commission the results of an internal analysis that found 138,000 misbilled UNE-P circuits in Michigan. Presumably based on this analysis, SBC informed WorldCom on February 11 that SBC would credit WorldCom more than $5.5 million for Michigan. SBC's February 11 description did not make clear whether the credits were for billing of lines that should not have been on the bill at all, billing of incorrect USOCs, or charging of incorrect rates. Its description to the FCC, however, suggests much of the problem is misbilled circuits, similar to the problem I discussed in my original Declaration.

16. The credits to which SBC referred did not appear on WorldCom's bill until last week. For WorldCom to analyze these credits/debits to determine what they are for and whether they are accurate will take several weeks. Even at that point, WorldCom will only have a

sense of whether SBC has corrected past errors, not whether it will be able to prevent the same or similar problems from arising in the future. To determine whether SBC has corrected its problems on an ongoing basis, WorldCom would first, of course, have to understand exactly what those problems are. Even then it might not be possible quickly to determine if SBC has fixed the problems. For example, to determine precisely whether SBC is billing WorldCom for the right number of lines would require several months worth of billing data subsequent to the time that SBC ostensibly fixed its systems. That is because lines are not always included on the bill the first month after they have were ordered.

17. The fact is that SBC just recently announced the existence of massive billing problems and only last week gave WorldCom data it needs to analyze these problems. There is simply no basis today for concluding that these problems have now been fixed.

Working Service Conflicts

18. The problem with working service conflicts has grown worse since I filed my initial Declaration. Rather than faxing to WorldCom a working service conflict form as soon as it perceives such a conflict on an order, SBC now holds such orders until it has a batch of 50 or 60 of them and then faxes over the batch. This adds to the problems caused by the fax process. As is familiar to everyone, faxes of this size often create difficulties. Moreover, by holding onto the orders, SBC leaves WorldCom guessing as to what has happened to its orders. Finally, by holding onto the orders, SBC gives WorldCom less time to fax back the working service conflict form before SBC cancels the orders. SBC cancels each WorldCom order for which it has not received the form back in 30 days –

and this 30 days runs from the time SBC perceives the working service conflict, not from the time that SBC transmits the fax.

Line Splitting

19. One problem of which I was not aware at the time that I filed my initial Declaration is the general problem that SBC has in processing line splitting orders. AT&T explained in its Comments that SBC will not accept electronic orders for line splitting if the CLEC is on a different version of EDI than the DLEC, down to the dot release. That means that CLECs and DLECs who are on different dot releases of software (for example, LSOG 5.03 and 5.04) cannot get line splitting. Moreover, as AT&T explained, a customer who is served by a line splitting arrangement but wants to disconnect his DSL service cannot do so without risking loss of dial tone for seven days and loss of his telephone number.

20. Both of these systems limitations are serious impediments to line splitting and will soon affect WorldCom. WorldCom has not yet begun submitting line splitting orders in Michigan but intends to begin doing so soon. WorldCom plans to engage in line splitting by combining DSL service (using the assets purchased from Rhythms, as well as teaming with other DLECs) with WorldCom's local voice service offerings. In doing so, WorldCom's DSL organization would act as a DLEC engaging in line splitting with WorldCom as a voice CLEC. WorldCom has been working to develop a process for placing line splitting orders. But the issues raised by AT&T will pose serious impediments to WorldCom's plans and could make it impossible for us to create a mass markets DSL product.

21. WorldCom's mass markets (local voice) organization and its DLEC are not on the same version of EDI. Nor will they be on the same dot release of EDI when both switch to

new EDI versions in April. WorldCom's mass markets organization chooses when to move to new versions of EDI and whether to move to those versions based on the functionality they provide and the risks and costs of moving to those new versions. WorldCom's DLEC, on the other hand, like many DLECs, purchases EDI from NightFire – a vendor – and has little choice but to use the version of EDI NightFire sells. And even if its DLEC could move to the version of EDI used by WorldCom's mass markets organization, this would preclude it from providing DSL in conjunction with other CLECs that are on different versions of EDI. More importantly, should a CLEC, like WorldCom, want to team with more than one DLEC, all three companies would need to be on the same dot version of OSS. This seriously limits a CLEC's ability to extend the reach of its DSL offering, since it is likely that multiple DLEC partners would be required to cover the entire SBC Michigan service territory.

22. SBC must correct the version limitation on line splitting orders or WorldCom may not be able to submit such orders at all. Unfortunately, since SBC did not announce the dot version EDI limitation to CLECs in the initial Michigan line splitting discussions, WorldCom does not know whether even a work-around would be viable, how costly it would be, or how much inefficiency it would create in the submission of orders. Additionally, WorldCom is concerned about proceeding with plans to implement line splitting while SBC's three-order disconnect process is in place. If WorldCom does go ahead, it appears the three-order process could cause significant harm to WorldCom's customers.

23. SBC's line splitting processes therefore pose a substantial barrier to CLECs' ability to successfully provide line splitting. Yet line splitting is likely to be critical as more and more customers come to desire broadband service.

Erroneous Cancellations/Missing Completion Notices

24. Since I filed my Declaration, SBC has provided a more complete explanation of why it is canceling WorldCom orders without notifying WorldCom. WorldCom transmitted to SBC a list of 160 orders for which it had not received a completion notice in November or December. SBC returned a spreadsheet analyzing these orders. Att. 4. The legend at the back of the spreadsheet provides the different explanations SBC gave for canceling each order. The vast majority were cancelled as a result of systems or manual errors on the part of SBC (with SBC's responsibility for the remainder somewhat less clear). SBC service representatives canceled 13 orders in its back-end system ASON, but failed to reissue these orders. They cancelled 41 additional orders in ASON that they did reissue but for which SBC failed to transmit a completion notice. SBC cancelled 22 orders "due to reject[s]" without transmitting rejection notices to WorldCom, cancelled 13 additional orders that it said were for valid rejects but for which it also failed to transmit rejection notices, cancelled five more orders that should have been rejected because the customers were in the process of switching to another carrier, and cancelled 43 orders as a result of the working service conflict issue.

25. The problem has only grown worse since November and December. As of February 27, WorldCom was missing 135 completion notices in Michigan, 211 in Illinois and 132 in the other states in the former Ameritech region. WorldCom has submitted the list of orders for which it is missing completion notices to SBC for analysis. It is likely that

SBC will provide reasons similar to those it gave for the November/December orders. There is no excuse for SBC's continuous cancellation of orders without transmission of any notification to WorldCom.

Transmission of Erroneous Completion Notifications

26. SBC has not managed to fix whatever problem is causing it to transmit erroneous completion notifications to WorldCom. Most recently, on February 20, SBC sent WorldCom a spreadsheet with two completion notifications transmitted in error. Att. 5. SBC provided no explanation for why such errors continue to occur. It also failed to explain what triggers transmission of a completion notification in the first place.

27. Moreover, SBC again transmitted the spreadsheet via e-mail without sending line loss notifications that would enable WorldCom automatically to stop billing the customer. SBC's use of this e-mail process is just one example of SBC's penchant for adopting ad hoc manual processes that harm CLECs. The fax process SBC uses for working service conflicts is another example. And the e-mail process SBC uses weekly to send a few miscellaneous line loss notifications that for some reason did not appear on the automated line loss reports is yet another example. Each of these non-automated processes is a significant headache for WorldCom, which has designed its systems to avoid the need for such manual tracking. It is further proof that the SBC processes are not automated to the extent that they should be to ensure that such manual overrides are not necessary.

28. In its February 20 e-mail, SBC promised to prevent transmission of erroneous notifications in the future and later explained that it would do so by providing further training to service representatives. It is not clear why service representatives should be involved in transmitting completion notifications in the first place, but more training is

unlikely to ensure the end of this problem. SBC at least must ensure that if it transmits erroneous completion notifications to CLECs, it then transmits automated line losses that automatically stop billing of these customers.

29. SBC's ad hoc non-automated processes should be eliminated, and SBC's other OSS deficiencies corrected.

Pre-Order Outages Remain High

30. WorldCom continues to experience far too many pre-order outages. SBC's pre-order systems were unavailable six times in February, with outages lasting 14, 12, 20, 20, 20 and 20 minutes respectively. SBC provided no root cause for these outages. Such outages are critical as they severely limit WorldCom's ability to place orders.

Performance Data Is Unreliable

31. SBC's performance data remains unreliable. The Commission should carefully examine the recent affidavit of Nancy Weber, writing on behalf of the staff of the Illinois Commerce Commission from the Illinois 271 proceedings. Att. 6. Based on a thorough analysis of the BearingPoint and Ernst & Young tests, Ms. Weber concluded that SBC's performance data remains unreliable. Indeed, in an affidavit summarizing the conclusions of Illinois staff, Jeffrey Hoagg explained that staff was unable to recommend approval of SBC's section 271 application in Illinois because of OSS deficiencies, failures of key performance metrics, and the absence of an effective performance remedy plan, as well as SBC's unreliable performance data. Att. 7.

32. Moreover, BearingPoint continues to open Exceptions related to Metrics issues. On February 18, BearingPoint issued two new exceptions based on SBC's failure to adequately document the calculation logic it uses to determine performance measurement

results. Atts. 8 & 9. Until SBC's performance reporting improves, there is no way to know whether SBC's performance is non-discriminatory today and no way to prevent backsliding in the future. The Illinois Staff summarizes:

> The results of the reviews by BearingPoint and Ernst & Young of SBC Illinois' performance measurement data, taken together, significantly undermine the accuracy and reliability of those data. Since those data serve as inputs to any performance remedy plan used to prevent future 'backsliding', the efficacy of any such plan is seriously compromised unless these deficiencies are resolved. Moreover, until those data can be demonstrated to be accurate and reliable by BearingPoint (or another independent third party using a similar analysis), it cannot be relied upon to establish current or future compliance with applicable competitive checklist requirements.

Att. 7 at 4. I could not agree more.

Conclusion

33. This concludes my Reply Declaration on behalf of WorldCom, Inc.